

# **\*\*\*DRAFT - NOT FOR FILING\*\*\***

## **3901-6-10.1 Smoker/nonsmoker mortality tables.**

### **(A) Purpose**

The purpose of this rule is to implement sections 3915.07, 3915.071, and 3903.72 of the Revised Code by permitting the use of mortality tables that reflect differences in mortality between smokers and nonsmokers in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits for plans of insurance with separate premium rates for smokers and nonsmokers.

### **(B) Authority**

This rule is promulgated pursuant to the authority vested in the superintendent under section 3901.041 of the Revised Code.

### **(C) Definitions**

- (1) "Commissioners 1980 standard ordinary mortality tables (1980 "CSO"), with or without ten-year select mortality factors" means those tables referred to in divisions (E) and (F) of section 3915.071 of the Revised Code.
- (2) "Commissioners 1980 extended term insurance table (1980 "CET")" means the table referred to in division (I) of section 3915.071 of the Revised Code.
- (3) "Commissioners 1958 standard ordinary mortality table (1958 "CSO")" means that table referred to in division (E)(1) of section 3915.07 of the Revised Code.
- (4) "Commissioners 1958 extended term insurance table (1958 "CET")" means that table referred to in division (E)(1) of section 3915.07 of the Revised Code.
- (5) "Smoker and nonsmoker mortality tables" means those mortality tables with separate rates of mortality for smokers and nonsmokers derived from the tables defined in paragraphs (C)(1) to (C)(4) of this rule.
- (6) "Composite mortality tables" means those tables defined in paragraphs (C)(1) to (C)(4) of this rule.

### **(D) Alternate tables**

- (1) For any policy of insurance delivered or issued for delivery in this state after the operative date of section 3915.071 of the Revised Code for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in paragraph (E) of this rule:
  - (a) The commissioners 1958 standard ordinary smoker and nonsmoker mortality tables may be substituted for the commissioners 1980 standard ordinary mortality table, with or without ten-year select mortality factors; and
  - (b) The commissioners 1958 extended term smoker and nonsmoker mortality tables may be substituted for the commissioners 1980 extended term table,

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For use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

Provided that for any category of insurance issued on female lives with minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits determined using the commissioners 1958 standard ordinary or extended term smoker and nonsmoker mortality tables, such minimum values may be calculated according to an age not more than six years younger than the actual age of the insured.

Provided further that the substitution of the commissioners 1958 standard ordinary or extended term smoker and nonsmoker mortality tables is available only if made for each policy of insurance on a policy form delivered or issued for delivery on or after the operative date for that policy form and before a date not later than January 1, 1989.

- (2) For any policy of insurance delivered or issued for delivery in this state after the operative date of section 3915.071 of the Revised Code for that policy form at the option of the company and subject to the conditions stated in paragraph (E) of this rule:
  - (a) The commissioners 1980 standard ordinary smoker and nonsmoker mortality tables, with or without ten-year select mortality factors, may be substituted for the commissioners 1980 standard ordinary mortality table, with or without ten-year select mortality factors; and
  - (b) The commissioners 1980 extended term smoker and nonsmoker mortality table may be substituted for the commissioners 1980 extended term mortality table,

For use in determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

## **(E) Conditions**

For each plan of insurance with separate rates for smokers and nonsmokers an insurer may:

- (1) Use composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;
- (2) Use smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, ~~required by~~ pursuant to section 3903.72 of the Revised Code and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values and amounts of paid-up nonforfeiture benefits;
- (3) Use smoker and nonsmoker mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

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or

- (4) Use smoker and nonsmoker mortality tables, without electing the 1980 "CSO" as a valuation basis, to determine valuation net premium and additional minimum reserves for plans of term insurance which have no cash values and which are reserved on the 1958 "CSO" mortality table.

## **(F) Severability**

~~If any paragraph, term or provision of this rule is adjudged invalid for any reason, the judgment shall not affect, impair or invalidate any other paragraph, term or provision of this rule, but the remaining paragraphs, terms and provisions shall be and continue in full force and effect.~~If any portion of this rule or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the rule or related rules which can be given effect without the invalid portion or application, and to this end the provisions of this rule are severable.